THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

MANAGEMENT REPORT

The accompanying financial statements are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles. These principles have been applied on a basis consistent with that of the preceding year. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgement regarding all necessary estimates and all other data available up to June 3, 2003.

Management maintains internal controls to provide reasonable assurance of the reliability and accuracy of the financial information and to properly safeguard assets of the Authority.

The responsibility of the Auditor General is to express an independent, professional opinion on whether the financial statements are fairly presented in accordance with Canadian generally accepted accounting principles. The Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management

Gary Gibson
Director - Capital Finance

June 3, 2003

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Balance Sheet
as at March 31, 2003

ASSETS	2003	2002
Current assets		
Accrued interest	$ 2,792	$ 4,924
Current portion of investments	42,000	42,000
	44,792	46,924
Investments, at cost, Schedule 1	13,000	55,000
	$ 57,792	$ 101,924
LIABILITIES		
Current liabilities		
Accrued debenture interest	$ 2,792	$ 4,924
Current portion of debentures payable (Note 3)	42,000	42,000
	44,792	46,924
Debentures payable, Schedule 2	13,000	55,000
	$ 57,792	$ 101,924

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Statement of Revenue and Expense
for the year ended March 31, 2003

	2003	2002
Revenue		
Interest earned on investments	$ 11,084	$ 16,806
Expense		
Debenture interest	11,084	16,806
	$ 0	$ 0

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Notes to Financial Statements
March 31, 2003

1. Nature of the Authority

The Manitoba Hospital Capital Financing Authority was established by The Hospital Capital Financing Authority Act in June 1972. The objectives of the Authority are:

i) to approve the issuance of securities for capital expenditure by operators of health care facilities,

ii) to assist such operators by ensuring an orderly market for the sale of securities issued by health care facilities, and

iii) to purchase securities issued by health care facilities with money borrowed by the Authority where the health care facilities could not trade their securities on the open market.

Health care facilities include hospitals, non-profit personal care homes and other designated health care related service institutions.

2. Accounting Policy

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

3. Investments and Debentures Payable

The Authority's investments in health facility debentures are entirely offset by debentures issued by the Authority to Government Agencies.

Annual principal repayments on debentures payable are as follows:

2004	$ 42,000
2005	$ 13,000

4. Financing Approvals

The Authority approved $83 million in long-term financing agreements made directly between the Province of Manitoba and various health care facilities during 2002-03 ($177 million in 2001-02).

5. Contributed Services

The Province of Manitoba provides administrative services at no charge to the Authority.

6. Statement of Cash Flows

These financial statements do not include a Statement of Cash Flows. In the opinion of management, the Statement of Cash Flows does not provide additional disclosure.

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Investments
as at March 31, 2003

	Interest Rate (%)	2003	2002
Serial debentures issued by:			
Selkirk Linen Services Inc.	13.625	$ 55,000	$ 97,000
Total Investments		55,000	97,000
Less: Current portion		42,000	42,000
Investments		$ 13,000	$ 55,000

THE MANITOBA HOSPITAL CAPITAL FINANCING AUTHORITY

Schedule of Debentures Payable
as at March 31, 2003

Series Number	Interest Rate (%)	Year of Maturity	2003	2002
5A	13.625	Nov. 15, 2003-2004	$ 55,000	$ 97,000
Total debentures payable			55,000	97,000
Less: Current portion (Note 3)			42,000	42,000
Debentures payable			$ 13,000	$ 55,000